

PROGRAM NARRATIVE**190 Retirement and Investment Office****Date:** 01/13/2011**Time:** 11:16:32**Program:** Teachers Fund for Retirement**Reporting level:** 00-190-100-00-00-00-00000000**Program Performance Measures**

No performance measures have been created.

Program Statistical Data

The Teachers' Fund for Retirement (TFFR) has nearly 10,000 active, 1,700 inactive and 6,500 retired members. The 6,500 retired members receive monthly retirement, disability and survivor benefits from TFFR totaling nearly \$125 million annually. Of this amount, 85% or about \$106 million stays in North Dakota. The Fund also distributes approximately 200 refund and rollover checks per year totaling approximately \$2.6 million.

There are 231 employers (school districts, counties and other state entities) that report retirement contributions to TFFR on a monthly basis. The Fund deposits the daily collections in the Bank of North Dakota. The member and employer contributions average \$5.8 million per month or \$70 million per year.

TFFR processes an average of 350 new retirements, 750 new membership enrollments, and 200 deceased member accounts per year. Individual benefits counseling sessions are held in the office daily, across the state in larger school districts annually, and in smaller districts on a rotating basis. The schedule includes approximately 20 sites per year. Group presentations are offered as a part of the benefits counseling sessions and upon request for larger groups. Approximately 4 preretirement and/or financial planning seminars are also held each year. Annually, more than 1,500 teachers participate in TFFR outreach programs and educational sessions. Staff members also attend many conventions, workshops, and meetings to provide retirement program information to members and employers.

Four newsletters per year are prepared by the staff and mailed to all retired and non-retired members. Annual statements of account are sent to non-retired members (11,700) and retired members (6,500). About 6,900 1099R tax forms are prepared and distributed by TFFR to the annuitants and members who withdraw their account balance. Member handbooks and related brochures are updated and printed each biennium. An annual financial report is prepared each year. TFFR also provides a website containing retirement information, publications and forms.

Explanation of Program Costs

This request is all special funds:

1. Salary represents 12.35 FTE's responsible for administering the retirement program.
2. The operating funds are to administer the retirement program. There are no new programs in the budget. Significant object code expenditures are data processing, IT contracts, rent, postage and staff and board travel.
3. The contingency funds are needed in case of unexpected budget shortfall.

PROGRAM NARRATIVE**190 Retirement and Investment Office****Date:** 01/13/2011**Time:** 11:16:32**Program:** Teachers Fund for Retirement**Reporting level:** 00-190-100-00-00-00-00000000**Program Goals and Objectives**

1. Safeguard membership data and collect retirement contributions from TFFR-covered employers on a monthly basis.
2. Pay accurate claims for retirement, disability, survivor and refund benefits in a timely manner.
3. Provide high quality service and public information to TFFR members and employers in a cost effective manner.
4. Ensure the actuarial and financial soundness of TFFR.

REQUEST DETAIL BY PROGRAM**190 Retirement and Investment Office****Biennium: 2011-2013****Bill#: SB2022****Date:** 01/13/2011**Time:** 11:16:32**Program:** Teachers Fund for Retirement **Reporting Level:** 00-190-100-00-00-00-00000000

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
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Salaries and Wages

Salaries - Permanent	1,061,832	1,177,418	25,628	1,203,046	0
Temporary Salaries	0	6,000	(2,000)	4,000	0
Fringe Benefits	342,810	449,354	4,053	453,407	0
Total	1,404,642	1,632,772	27,681	1,660,453	0

Salaries and Wages

General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	1,404,642	1,632,772	27,681	1,660,453	0
Total	1,404,642	1,632,772	27,681	1,660,453	0

Operating Expenses

Travel	54,523	85,777	(4,937)	80,840	0
Supplies - IT Software	4,939	3,650	(365)	3,285	0
Supply/Material-Professional	1,174	2,190	(146)	2,044	0
Miscellaneous Supplies	10,839	3,775	0	3,775	0
Office Supplies	5,922	7,643	(592)	7,051	0
Postage	66,372	78,642	5,606	84,248	0
Printing	29,003	25,616	(798)	24,818	0
IT Equip Under \$5,000	16,412	11,840	(10,672)	1,168	0
Insurance	2,032	1,316	456	1,772	0
Rentals/Leases-Equip & Other	797	0	0	0	0
Rentals/Leases - Bldg/Land	106,999	109,310	3,079	112,389	0
Repairs	556	1,525	(795)	730	0
IT - Data Processing	128,052	150,313	22,967	173,280	0
IT - Communications	16,846	16,800	1,200	18,000	0
IT Contractual Svcs and Rprs	213,229	222,889	(27,528)	195,361	0
Professional Development	28,661	34,691	(1,496)	33,195	0
Operating Fees and Services	18,807	19,834	(35)	19,799	0
Fees - Professional Services	18,191	16,749	508	17,257	0
Total	723,354	792,560	(13,548)	779,012	0

Operating Expenses

General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	723,354	792,560	(13,548)	779,012	0
Total	723,354	792,560	(13,548)	779,012	0

REQUEST DETAIL BY PROGRAM

190 Retirement and Investment Office

Biennium: 2011-2013

Bill#: SB2022

Date: 01/13/2011

Time: 11:16:32

Program: Teachers Fund for Retirement		Reporting Level: 00-190-100-00-00-00-00000000			
Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
Contingency					
Equipment Over \$5000	11,441	0	0	0	0
Special Line Other	0	41,000	0	41,000	0
Total	11,441	41,000	0	41,000	0
Contingency					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	11,441	41,000	0	41,000	0
Total	11,441	41,000	0	41,000	0
Total Expenditures	2,139,437	2,466,332	14,133	2,480,465	0
Funding Sources					
Special Funds					
207 Retirement and Investment Fund 207	2,139,437	2,466,332	14,133	2,480,465	0
Total	2,139,437	2,466,332	14,133	2,480,465	0
Total Funding Sources	2,139,437	2,466,332	14,133	2,480,465	0
FTE Employees	12.80	12.35	0.00	12.35	0.00

CHANGE PACKAGE DETAIL

190 Retirement and Investment Office

Bill#: SB2022

Date: 01/13/2011

Time: 11:16:32

Biennium: 2011-2013

Program: Teachers Fund for Retirement			Reporting Level: 00-190-100-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes**One Time Budget Changes**

A-E 1 One-time		0.00	0	0	(25,000)	(25,000)
Total One Time Budget Changes		0.00	0	0	(25,000)	(25,000)

Ongoing Budget Changes

A-A 1 Operating		0.00	0	0	11,452	11,452
Base Payroll Change		0.00	0	0	27,681	27,681
Total Ongoing Budget Changes		0.00	0	0	39,133	39,133
Total Base Budget Changes		0.00	0	0	14,133	14,133

PROGRAM NARRATIVE**190 Retirement and Investment Office****Date:** 01/13/2011**Time:** 11:16:32**Program:** Investment Program**Reporting level:** 00-190-200-00-00-00-00000000**Program Performance Measures**

No performance measures have been created.

Program Statistical Data

Investment and financial reporting services are provided for \$4.7 billion in assets for thirteen statutory funds and \$292 million for twelve funds currently under contract.

Monthly financial statements and performance reports are prepared and distributed for each of the 25 funds. This involves monitoring and reporting activities on 41 outside money manager organizations and a total of 91 investment accounts at the SIB's master custodian bank.

Total gross costs, including administrative, money manager, custodian and consultant fees, for the year ended June 30, 2009, were \$27.2 million. All investment program costs are paid out of assets of the funds participating in the SIB's program.

Explanation of Program Costs

This request is all special funds:

1. Salary represents 4.65 FTE's which provide all the accounting, financial, administrative support and investment performance services for the funds under management. At the time this budget was submitted, the Executive Director/CIO position was vacant and being filled by an interim person. An executive search firm has been hired to assist in finding a permanent replacement. Discussion on an appropriate salary for filling this position has been discussed and included in this request, however, the process of filling the position is in very early stages and so the final salary is not known.
2. The operating funds are needed to administer the investment program. There are no new programs in the budget. Significant expenditures are office rent, staff and board travel, data processing and educational/professional development costs.
3. The contingency funds are needed in case of unexpected budget shortfall.

Program Goals and Objectives

1. Prudently investing the assets entrusted to the State Investment Board (SIB) (for the funds specified in North Dakota Century Code 21-10-06), in the best financial interest of the funds' beneficiaries. Generally, this means maximizing the total rate of return on these assets, over the long-term, within prudent risk parameters and appropriate liquidity constraints.

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- > 2. Pooling trust assets with like objectives, whenever practical, to provide cost-effective investment opportunities.
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- > 3. Leveraging the SIB's knowledge of investment techniques and contact network for the benefit of other state agencies.
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- > Investment services currently provided to thirteen statutory funds and twelve contracted funds are:
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- > 1. Developing investment policies, including investment objectives and asset allocations, for the prudent investment of all trust assets under the Board's oversight, as requested by the governing boards of the various trust funds.
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- > 2. Developing and recommending short and long-term investment strategies in line with the investment objectives and liquidity requirements of the various funds.
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- > 3. Monitoring, auditing and evaluating the performance of money managers, master custodian, and other agents, and recommending changes as needed to best meet the investment objectives of the various trust funds.
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- > 4. Providing monthly financial statements and performance reports.
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- > 5. Auditing/reviewing manager data to ensure consistency with master custodian reports.
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- > 6. Semiannual newsletter to over 48,000 PERS and TFFR members.
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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
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Salaries and Wages

Salaries - Permanent	643,302	718,818	129,020	847,838	241,500
Temporary Salaries	0	104,274	(100,274)	4,000	0
Fringe Benefits	167,137	218,216	3,556	221,772	59,398
Total	810,439	1,041,308	32,302	1,073,610	300,898

Salaries and Wages

General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	810,439	1,041,308	32,302	1,073,610	300,898
Total	810,439	1,041,308	32,302	1,073,610	300,898

Operating Expenses

Travel	22,947	48,668	(2,269)	46,399	0
Supplies - IT Software	1,747	1,350	(135)	1,215	0
Supply/Material-Professional	1,484	1,010	(54)	956	0
Miscellaneous Supplies	2,575	1,396	0	1,396	0
Office Supplies	1,453	2,627	(218)	2,409	0
Postage	5,179	6,082	380	6,462	0
Printing	3,466	2,103	382	2,485	0
IT Equip Under \$5,000	5,996	2,160	(1,728)	432	2,500
Other Equip Under \$5,000	0	0	0	0	3,500
Insurance	715	488	167	655	0
Rentals/Leases-Equip & Other	797	0	0	0	0
Rentals/Leases - Bldg/Land	42,338	41,788	1,459	43,247	0
Repairs	176	275	(5)	270	0
IT - Data Processing	12,618	14,616	2,928	17,544	1,900
IT - Communications	4,952	5,400	1,320	6,720	800
IT Contractual Svcs and Rprs	4,778	3,036	868	3,904	0
Professional Development	13,696	12,639	186	12,825	0
Operating Fees and Services	7,250	8,661	(155)	8,506	0
Fees - Professional Services	4,395	4,711	(8)	4,703	0
Total	136,562	157,010	3,118	160,128	8,700

Operating Expenses

General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	136,562	157,010	3,118	160,128	8,700
Total	136,562	157,010	3,118	160,128	8,700

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190 Retirement and Investment Office

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Program: Investment Program Reporting Level: 00-190-200-00-00-00-00000000

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
Contingency					
Special Line Other	0	41,000	0	41,000	0
Total	0	41,000	0	41,000	0
Contingency					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	41,000	0	41,000	0
Total	0	41,000	0	41,000	0
Total Expenditures	947,001	1,239,318	35,420	1,274,738	309,598
Funding Sources					
Special Funds					
207 Retirement and Investment Fund 207	947,001	1,239,318	35,420	1,274,738	309,598
Total	947,001	1,239,318	35,420	1,274,738	309,598
Total Funding Sources	947,001	1,239,318	35,420	1,274,738	309,598
FTE Employees	4.20	4.65	0.00	4.65	1.00

CHANGE PACKAGE DETAIL

190 Retirement and Investment Office

Bill#: SB2022

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Biennium: 2011-2013

Program: Investment Program			Reporting Level: 00-190-200-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes**Ongoing Budget Changes**

A-A 1 Operating		0.00	0	0	3,118	3,118
Base Payroll Change		0.00	0	0	32,302	32,302
Total Ongoing Budget Changes		0.00	0	0	35,420	35,420
Total Base Budget Changes		0.00	0	0	35,420	35,420

Optional Budget Changes**Ongoing Optional Changes**

A-C 1 Deputy Investment Officer FTE	1	1.00	0	0	309,598	309,598
Total Ongoing Optional Changes		1.00	0	0	309,598	309,598
Total Optional Budget Changes		1.00	0	0	309,598	309,598